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No. 82-831

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1982

BRUCE A. KOCK,
Petitioner,

vs.

THE QUAKER OATS COMPANY, et al.,
Respondents.

Appendix to
Petition For A Writ Of Certiorari
to the United States Court of Appeals
for the Ninth Circuit

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A. Order Denying Petition for Rehearing

B. Opinion of the District Court (incorporated by the Court in its Finding of Facts and Conclusions of Law)

United States Court of Appeals
For the Ninth Circuit

No. 80-4072

Bruce A. Kock,
Plaintiff-Appellant,

vs.

The Quaker Oats Company, et al.,
Defendants-Appellees.

[Filed Aug. 23, 1982]

ORDER

Before: WALLACE, KENNEDY, and PREGERSON, Circuit Judges.

The petition for rehearing is DENIED.

United States District Court
Northern District of California

No. C-78-1254-SAW

Bruce A. Kock,
Plaintiff,

vs.

The Quaker Oats Company, et al.,
Defendants.

[Filed Jan. 23, 1980]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Defendants, F.W. Woolworth, Inc., Toys "R" Us, Inc., Carter Hawley Hale Stores, Inc., Sears Roebuck & Co., and Long Drug Stores, moved for summary judgment as to Counts One through Three on the theory that the patents are invalid. They also moved for summary judgment on the theory that the plaintiff is not the real party in interest, or in the alternative, to dismiss for failure to join an indispensable party. Plaintiff opposed. Oral arguments were heard January 11, 1980. The court has, in addition, considered the memoranda and supporting documents filed with this motion as well as all other pleadings and papers in the case.

2. By stipulation of the parties, Count Four does not apply to these defendants.

3. Counts One through Three on the Complaint assert duplicative claims of infringement of United States Patent No. 3,613,353, which issued on October 19, 1971 to Bruce A. Kock, and United States Patent No. 3,685,282, which issued

on April 22, 1972 to Bruce A. Kock (hereinafter referred to as the Suit Patents) by the use and sale of toy watches by the above five named defendants.

4. Bruce A. Kock (hereinafter "Kock") is the inventor of the subject invention.

5. Merry Corporation (hereinafter "Merry") was a manufacturing concern which contracted and did purchase from the inventor all his rights in the invention.

6. From at least January 10, 1967, Kock furnished to his patent attorneys a full disclosure of his "invention" by way of a prototype and by way of written disclosure of that date, which disclosure corresponds to the disclosure of the Suit Patents.

7. Plaintiff, Kock, withheld the filing of the application leading to the Suit Patents until May, 1968 for the express purpose of extending the term of his monopoly.

8. A fully operative prototype was completed in December, 1966 which corresponded precisely to the structure shown in the drawings of the Suit Patents and described in the specifications of the Suit Patents. This prototype represented a reduction to practice of the "invention."

9. On April 28, 1967, by a contract entitled Manufacturing Agreement (hereinafter "Agreement"), Kock sold to Merry all of his rights to his toy watch movement and any invention embodied therein as well as a working prototype of the invention.

10. The Agreement transaction was a sale of a fully operational product constructed in accordance with the terms of the Suit Patents.

11. The date of application for the purposes of 35 U.S.C. § 102(b) for the Suit Patents is May 3, 1968.

12. The invention claimed in the claims of the Suit Patents was reduced to an operative prototype ultimately disclosed in the application for the Suit Patents, May 3, 1968.

Real Party In Interest—Indispensable Party

13. In the Agreement of April 28, 1967, Kock sold, assigned and transferred a-1 rights to his novelty toy watch movement and any invention embodied therein to Merry.

14. Leisure Dynamics, Inc., (hereinafter "Leisure"), is the successor in interest to Merry.

15. Under the terms of the Agreement, Kock retained the right to apply for the Suit Patents should Merry fail to do so.

16. Kock applied for and received the Suit Patents.

CONCLUSIONS OF LAW

1. The court has jurisdiction of this matter under 28 U.S.C. § 1338(a).

2. The issues before this court are governed by 35 U.S.C. § 102(b), which provides *inter alia:*

> A person shall be entitled to a patent unless . . . the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States.

The purpose of this section is:

> to prevent an inventor from having the advantage of a monopoly for more than the statutory period by

engaging in the competitive exploitation of this invention after it is fully developed before applying for a patent.

Amerio Contact Plate Freezers, Inc. v. Belt-Ice Corporation, 316 F.2d 459, 465 (9th Cir. 1963), *cert. denied*, 84 S. Ct. 191.

3. In order for an item to be "on sale," a fully operative article or apparatus incorporating the invention ordinarily must be in existence. *Johns-Mansville Corp. v. Certain-Teed Corp.*, 196 U.S.P.Q. 152, 156 (1977, citing, *Amerio, supra.*

4. An item is "on sale" if there is a completed sale. See *Johns-Mansville Corp. v. Certain-Teed Corp., supra; Tool Research and Engineering Corporation v. Honcor Corporation*, 367 F.2d 449, 453 (9th Cir. 1966), *cert. denied*, 387 U.S. 919 (1967).

5. The defendants who allegedly infringed the Suit Patents have met their burden of showing by clear, satisfactory, substantial evidence that the invention was placed "on sale" prior to the critical date. *Tucker Aluminum Products v. Grossman*, 312 F.2d 293, 294 (9th Cir. 1963).

6. Once the defendant shows a placing on sale the burden shifts to the plaintiff to show that the sale was for an experimental purpose or use. *Johns-Mansville Corp. v. Certain-Teed Corp., supra* at p. 157.

7. A sale precludes any inquiry into the experimental nature of the sale *unless* the contract of sale contains an express or clearly implied condition that the sale is made primarily for experimental use. *Robbins Company v. Lawrence Manufacturing Company*, 482 F.2d 426, 433 (9th Cir. 1973).

8. The conditional provisions found in paragraph 3 of the manufacturing Agreement are typical of a trader's not an inventor's experiment, and as such do not carve out an exception to 35 U.S.C. § 102(b) or open the door to further inquiry into the experimental nature of the sale. *Cataphone Corporation v. De Soto Chemical Coatings, Inc.*, 356 F.2d 24, 27 (9th Cir.).

9. The manufacturing Agreement contains no express or clearly implied condition that the sale or offering is made primarily for an experimental purpose or use. Therefore, this court is precluded from any inquiry into the experimental nature of the sale.

10. Plaintiff has not met his burden of showing that the sale was for an experimental purpose or use.

11. Based on the foregoing findings of fact and conclusions of law, the Suit Patents are invalid by operation of 35 U.S.C. § 102(b).

13. The five defendants named above are entitled to summary judgment on Counts One through Three.

Real Party In Interest—Indispensable Party

13. Insufficient facts exist which show that Merry or its successor in interest Leisure own the Suit Patents.

14. The motion of these defendants for summary judgment on the ground that this action is not prosecuted by the alleged real party in interest, Leisure, is denied.

15. The owner of a patent is always an indispensable party to an infringement action. *Sidewinder Marine, Inc. v. Nescher*, 200 U.S.P.Q. 327, 329 (N.D. Ca. 1976).

16. The motion to dismiss for failure to join Leisure as an indispensable party (owner) is denied.

17. Moving defendants will prepare a form of judgment to be lodged with the magistrate within 10 days following entry of this order.

IT IS SO ORDERED.

Dated: January 23, 1980

OWEN E. WOODRUFF, JR.
United States Magistrate